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CWP Management

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2018 CHAMPIONS

June 2018

Bill That Would Require Training For Landlords Dies In Assembly Committee

A bill that would mandate that landlords and property managers receive training on fair practices and tenant rights is dead for 2018 after stalling in the Assembly Appropriations Committee.

AB2618 would have mandated that landlords and property managers be certified every two years which would have been a requirement by the Department of Consumer Affairs to administer a certification program for the training. The bill also would have authorized the department to identify and approve providers of the educational coursework.

Under an earlier draft of the bill, anyone caught managing property without the certification would have faced a fine of $1,000.

An earlier version of the bill also would have provided just one year to implement the program, a timetable that CAA warned may be unrealistically aggressive.

Happy 4th July

CWP Wishes You and Your Family a Safe and Happy 4th of July Holiday!

CAA defeats "Just Cause Eviction Bill Ellis Bill Also Dies On The Assembly Floor

The California Apartment Association on Thursday defeated a bill that would have imposed "just cause" eviction requirements across the state, making it more difficult and costly to evict bad tenants.

A second eviction-related bill that was originally written, would have expanded the notice requirements for removing tenants under the Ellis Act, also died on the Assembly Floor.

A third eviction-related bill originally drafted to prolong the eviction process was amended to simply provide minor amendments to the service of the eviction summons, rendering it of minor concern to members of CAA.

Renters' Tax Credit Bill Advances To Assembly

On May 30, SB,1182 by State Sen. Steve Glazer, D-Orinda, won approval on the Senate Floor with 37 yes votes, zero no votes and two abstentions. The bill would increase the renters' tax credit incrementally over a five-year span.

Under current law, homeowners in California receive state and federal tax benefits, as a result of owning their own home. CAA says in a letter supporting the bill. Renters, however do not receive comparable tax benefits.

It's reasonable to provide renters, who may not be able to purchase a home, with some tax relief as well. Increasing the California Renter's Tax Credit would offer a valuable measure of financial assistance to renters."

- Renters who file individually: Would see a tax credit of about $82 in 2018, with that figure rising incrementally to about $217 by 2022
- Renters who file jointly: Would see a tax cedit of about $137 in 2018, with that figure rising incrementally to about $219 by 2022
- Renters with one more dependents: Would see a tax credit of about $178 in 2018, with that figure rising incrementally to about $434 by 2022.

Q&A

Q: When not renewing a one-year lease, do I have to give the tenants a reason for not extending their lease?
A: California law does not require landlords to give their tenants a reason why they are not renewing the lease, unless the property is situated in a "just cause" rent controlled jurisdiction.

Q: An applicant came into my office and is clearly pregnant. Do I count the baby to determine whether her household meets our occupancy standards?
A: No. You should not count the baby until it is born. You should also have a reasonable policy about what happens when the addition of a minor to the household during the tenancy puts the household over occupancy.

Where Will Mortgage Rates Land?

Executive Summary:

- Thirty-year, fixed-rate mortgages in 2018 have been rising at the fastest pace in 50 years and reached 4.66 percent for the week ended May 24 before dropping to 4.56 percent this week.
- However, mortgage rates did not increase proportionally to the federal funds rate determined by the Federal Reserve because they are determined by longer-term economic factors beyond solely the influence of central banks and monetary policy.
- Some Fed officials and economists believe that long-term structural factors such as changes in demographics, a slowdown in productivity growth and heighted demand for safe assets will continue to keep the 10-year U.S. Treasuries a proxy for the U.S. fixed-rate mortgage rates low going forward.
- According to the Federal Reserve of San Francisco, the new normal for the natural rate of interest is around 2.5 percent, 2 percentage points below the long-term average, which puts mortgage rates at about 5 percent or slightly higher over time.
- Shorter term, through the end of 2081, 30-year fixed rate mortgages are still expected to reach no more than 4.7 percent
- The Federal Open Market Committee has signaled that it would increase the federal funds rate at it's June meetings. Markets have most likely already priced in the hike.
- Some Fed Officials urge caution in how fast it continues raising rates because of inflation expectations, the neutral policy rate, the flattening yield curve, room to grow business investment and labor markets.
- There are concerns that if the rate hikes are too aggressive, they could tip the U.S. economy into recession.
- California housing markets have continued to see robust demand in 2018, driven by favorable demographics and economic growth. Strong demand coupled with dwindling inventory are the main reasons that home prices have maintained double-digit percent annual increases. Nevertheless, continued increases in mortgage rates are a concern for housing demand going forward, as affordability constraints price more households out of the market.

With the recent rapid rise in mortgage rates and the Fed's plan to move forward with three to four more hikes this year, the burning question is where rates will end up. Economists and other experts have varying views on the issue. Similarly, there is no agreement among Fed officials on how frequently it should continue to hike rates. Generally, Fed officials expect to be at a 2.125 percent federal-funds rate by the end of the year, up from 1.75 percent currently. Also, further increases are expected for 2019, pushing the rate to 2.9 percent and to 3.4 percent by the end of 2020.

Our Mission Statement: To provide our clients the highest level of professionalism, experience and unparalleled personal attention all delivered through a foundation built on ethics and integrity.

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